

**NATCHITOCHESS ASSOCIATION FOR
RETARDED CITIZENS, INC.
ADULT HABILITATION PROGRAM AND
SHELTERED WORKSHOP**

ANNUAL FINANCIAL REPORT

JUNE 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-28-05

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Annual Financial Report
June 30, 2005

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Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Annual Financial Report
June 30, 2005

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Johnson, Thomas & Cunningham

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

We have audited the accompanying statement of financial position of the Natchitoches Association for Retarded Citizens, Inc. (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Association for Retarded Citizens, Inc. as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2005, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

October 27, 2005

Natchitoches, Louisiana

FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Financial Position
June 30, 2005

ASSETS:

Cash	\$55,819
Receivables	14,626
Plant and Equipment, Net of Accumulated Depreciation of \$82,829	<u>3,627</u>
Total Assets	<u>\$74,072</u>

LIABILITIES:

Accounts Payable	\$ 3,688
Payroll and Payroll Taxes Payable	<u>618</u>
Total Liabilities	<u>\$ 4,306</u>

NET ASSETS:

Unrestricted	<u>\$69,766</u>
Total Net Assets	<u>\$69,766</u>
Total Liabilities & Net Assets	<u>\$74,072</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Activities
Year Ended June 30, 2005

UNRESTRICTED NET ASSETS:

Support-

Fees-

State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	\$189,852
State of Louisiana, Department of Health and Hospitals, Title XIX	14,554
Contract Work	51,549
Soft Drink Sales	5,635
Interest	209
Other	5,692
Net Assets Released from Restrictions- Federal Transit Administration Section 16 Depreciation On Restricted Vans	<u>337</u>

Total Revenues, Gains, and Other Support \$267,828

Expenses:

Program Services	\$190,819
Management and General	<u>66,183</u>

Total Expenses \$257,002

Increase in Unrestricted Net Assets \$ 10,826

TEMPORARILY RESTRICTED NET ASSETS:

Federal Transit Administration Sec 16- Current Year Depreciation	\$ <u>(337)</u>
---	-----------------

Decrease in Temporarily Restricted Net Assets \$ (337)

Increase in Net Assets \$ 10,489

Net Assets-Beginning of Year 59,277

Net Assets-End of Year \$ 69,766

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Cash Flows
Year Ended June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$10,489
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-	
Depreciation	2,453
(Increase)/Decrease in Receivables	(784)
Increase/(Decrease) in Accounts Payable	(1,059)
Increase/(Decrease) in Payroll and Payroll Taxes Payable	<u>(460)</u>
Net Cash Provided By/(Used In) Operating Activities	<u>\$10,639</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Equipment	\$ <u>(176)</u>
Net Cash Provided By/(Used In) Investing Activities	\$ <u>(176)</u>
Net Increase in Cash	\$10,463
Cash-Beginning of Year	<u>45,356</u>
Cash-End of Year	<u>\$55,819</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Functional Expenses
Year Ended June 30, 2005

	Program Services	Management and General	Total
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$26,732	\$ 26,732
Client Salaries	22,047	0	22,047
Other Salaries	87,547	15,940	103,487
Payroll Taxes	7,741	3,686	11,427
Workman's Compensation Insurance	<u>4,197</u>	<u>1,991</u>	<u>6,188</u>
Total Compensation and Related Expenses	<u>\$121,532</u>	<u>\$48,349</u>	<u>\$169,881</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	8,099	0	8,099
Utilities	<u>6,353</u>	<u>1,355</u>	<u>7,708</u>
Total Occupancy Expenses	<u>\$ 32,452</u>	<u>\$ 1,355</u>	<u>\$ 33,807</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil	<u>\$ 18,730</u>	<u>\$ 0</u>	<u>\$ 18,730</u>
OTHER EXPENSES:			
Accounting	\$ 0	\$ 4,950	\$ 4,950
Depreciation	1,594	859	2,453
Food	510	0	510
Insurance	5,411	2,914	8,325
Recreation	276	0	276
Postage	0	300	300
Repairs and Maintenance-			
Equipment	524	0	524
Soft Drinks	3,046	0	3,046
Supplies-			
Office	0	573	573
Workshop	0	1,281	1,281
Telephone	934	1,588	2,522
Travel	803	0	803
Other	4,886	3,367	8,253
Licenses	<u>121</u>	<u>647</u>	<u>768</u>
Total Other Expenses	<u>\$ 18,105</u>	<u>\$16,479</u>	<u>\$ 34,584</u>
Total Functional Expenses	<u>\$190,819</u>	<u>\$66,183</u>	<u>\$257,002</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity:

The Natchitoches Association for Retarded Citizens, Inc., is a quasi-governmental, nonprofit organization incorporated March 31, 1981, whose purpose is to promote the general welfare of the mentally retarded, to encourage research related to mental retardation, to advise and aid parents in the solution of their problems, to develop a better understanding by the public, of the problems of mental retardation to cooperate with all agencies and professional groups in the furtherance of these ends, to associate with and support financially the State and National Associations to promote the common cause, to serve locally as a clearinghouse for gathering and providing information regarding the mentally retarded, and to solicit and receive funds for the accomplishment of the stated purposes.

The Association's Adult Habilitation Program and Sheltered Workshop have adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Association's Adult Habilitation Program and Sheltered Workshop are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association's Adult Habilitation Program and Sheltered Workshop are required to present a statement of cash flows. As permitted by this new statement, the Association has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

The Association operates two separate divisions. One, the Adult Habilitation Program, receives funding from the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult day services for a minimum of 22 clients. The other division is the Natchitoches Sheltered Workshop. The Natchitoches Sheltered Workshop is totally self-supportive. Income to the Sheltered Workshop consists solely of revenues earned through contracts with private individuals and companies for the provision of services performed by the clients of the Workshop. No federal financial assistance of any type is received by the Natchitoches Sheltered Workshop.

2. Promises to Give:

Contributions are recognized when a donor makes a promise to give to the Association's Adult Habilitation Program and Sheltered Workshop that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported or as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2005

3. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Property, Plant, and Equipment:

Donations of property, plant, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. When donor stipulations are absent regarding how long those donated assets must be maintained, the Association's Adult Habilitation Program and Sheltered Workshop report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association's Adult Habilitation Program and Sheltered Workshop reclassify temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

5. Contributions:

The Association's Adult Habilitation Program and Sheltered Workshop have also elected, in 1995, to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

6. Income Taxes:

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are exempt from income taxes under Internal Revenue Code Section 501(c)(3).

7. Cash and Cash Equivalents:

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. At June 30, 2005, the Association had no investments.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2005

NOTE 2 RESTRICTIONS ON ASSETS

Restrictions on assets at June 30, 2005, relate to vans obtained by the Association through Section 16 of the Federal Transit Act which provides for capital grants for the specific purpose of assistance in providing transportation services to meet the special needs of elderly and disabled persons for whom mass transportation services are unavailable, insufficient, or inappropriate. The program is administered by the Louisiana Department of Transportation and Development. The vans obtained with these funds must be used for transportation services to the elderly and disabled within the Association's service area. The Department of Transportation and Development must be immediately notified if the equipment is not used in the aforementioned manner or if it is withdrawn from service. Disposition of the vehicle must have DOTD approval and must be in conformance with the provisions of OMB Circular A-102, Attachment N. Dispositions must be at current market value and a portion of the funds received must be returned in proportion to the original percentage of Federal funds contributed.

It is the policy of the Association's Adult Habilitation Program to amortize the asset restricted over its estimated useful life using the straight-line method.

NOTE 3 CASH

Cash is summarized as follows:

Petty Cash	\$ 100
Demand Deposit Accounts	23,690
Interest Bearing Accounts	<u>32,029</u>
Total	<u>\$55,819</u>

At June 30, 2005, the carrying amount of the Association's cash deposits was \$55,819 and the bank's balance was \$62,452. This bank deposit balance was fully covered by FDIC.

NOTE 4 RECEIVABLES

The Natchitoches Association for Retarded citizens, Inc.'s Adult Habilitation Program entered into a contract on March 5, 2004, with the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide habilitation programming to a minimum of 22 clients during the period July 1, 2004 to June 30, 2005. At the end of each month, a payment requisition is forwarded to the Office of Community Services requesting payment for services provided to clients during the month ended. As the majority of funds received are from the State of Louisiana and contracts, and the Association historically has had no uncollectable amounts, no allowance for uncollectable receivables is provided.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2005

Receivables at June 30, 2005, consisted of the following:

State of La., Department of Health and Hospitals	
Office for Citizens with Developmental Disabilities	\$13,434
State of La., Department of Health and Hospitals, Title XIX	<u>1,192</u>
Total	<u>\$14,626</u>

NOTE 5 PLANT AND EQUIPMENT

All plant and equipment are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture and Fixtures	7-10 years
Automobiles	5 years
Machinery and Equipment	5-7 years

A summary of plant and equipment at June 30, 2005, is presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Furniture & Fixtures	\$31,627	\$29,312	\$2,315	\$1,197
Automobiles	33,453	33,453	0	337
Building & Equipment	<u>21,376</u>	<u>20,064</u>	<u>1,312</u>	<u>919</u>
Total	<u>\$86,456</u>	<u>\$82,829</u>	<u>\$3,627</u>	<u>\$2,453</u>

The Association's Adult Habilitation Program automobiles were partially funded by Urban Mass Transportation Capital Improvement Grants and are subject to the applicable restrictions described in Note 2.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in activities.

NOTE 6 LEASE OBLIGATIONS

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop rents its premises under an operating lease. The lease is for a one-year term ending on June 30, 2005, with an option for a one-year renewal.

Natchitoches Association for Retarded Citizens, Inc.
 Adult Habilitation Program and Sheltered Workshop
 Notes to Financial Statements
 June 30, 2005

Future minimum rental payments under this operating lease are \$18,000 for the fiscal year ending June 30, 2006.

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are not participating in any capital lease arrangements.

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS

The Natchitoches Association for Retarded Citizens, Inc. does not have or sponsor an employee retirement plan. All employees of the Association's Adult Habilitation Program and Sheltered Workshop are protected by the Social Security System.

NOTE 8 COMPENSATED ABSENCES

The Association's Adult Habilitation Program and Sheltered Workshop employees are entitled to certain compensated absences based on their length of employment. Each salaried employee accrues leave according to the State Civil Service guidelines, based on length of service as follows:

<u>Full-Time Employment</u>	<u>Days Earned Per Year</u>
0-3 Years	12
3-5 Years	15
5-10 Years	18
10-15 Years	21
More Than 15 Years	24

These are considered personal leave days and may be used for any purpose the employee desires. No distinction is made between annual and sick leave. Leave earned in one fiscal year cannot be carried over to a subsequent year. Employees are also entitled to compensatory time on an hour-for-hour basis for approved overtime. Compensatory time not used in the fiscal period that it is earned cannot be carried over to the next fiscal year and will be forfeited.

Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

NOTE 9 LITIGATION

According to management, the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop were not involved in any litigation as of June 30, 2005.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2005

NOTE 10 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program entered into a contract with the State of Louisiana Department of Health and Hospitals, Office of Human Services to provide adult habilitation services. Transactions of the Association's Adult Habilitation Program were made in accordance with the requirements contained in *Formula Funding and Guidelines for Allowable Costs in Adult Habilitation Services Contracted with the Division of Mental Retardation and Developmental Disabilities*. All contract services invoiced under this contract were not recovered under any other contract.

NOTE 11 BOARD OF DIRECTORS

Members of the Board of Directors participate on a voluntary basis and receive no compensation for their services.

NOTE 12 ECONOMIC DEPENDENCY

The Association receives the majority of its revenue from funds provided through grants administered by the Louisiana Department of Health and Hospitals (DHH). The grant amounts are appropriated each year by the state government. If significant budget cuts are made at the state level, the amount of the funds the Association receives could be reduced significantly. These conditions could have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Association will receive in the next fiscal year.

SUPPLEMENTARY INFORMATION

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Financial Position
June 30, 2005
With Comparative Amounts as of June 30, 2004

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash	\$32,130	\$24,390
Receivables-		
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	13,434	10,546
State of Louisiana, Department of Health and Hospitals, Title XIX	1,192	3,296
Plant and Equipment, Net of Accumulated Depreciation for 2005 and 2004 of \$62,765 and \$61,231, respectively	<u>2,315</u>	<u>3,849</u>
Total Assets	<u>\$49,071</u>	<u>\$42,081</u>
LIABILITIES:		
Accounts Payable	\$ 867	\$ 1,705
Payroll Taxes Payable	<u>609</u>	<u>1,064</u>
Total Liabilities	<u>\$ 1,476</u>	<u>\$ 2,769</u>
NET ASSETS:		
Unrestricted	\$47,595	\$38,975
Temporarily Restricted	<u>0</u>	<u>337</u>
Total Net Assets	<u>\$47,595</u>	<u>\$39,312</u>
Total Liabilities & Net Assets	<u>\$49,071</u>	<u>\$42,081</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Activities
Year Ended June 30, 2005
With Comparative Amounts from Year Ended June 30, 2004

	<u>2005</u>	<u>2004</u>
UNRESTRICTED NET ASSETS:		
Support-		
Fees-		
State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities	\$189,852	\$189,757
State of Louisiana, Department of Health and Hospitals, Title XIX	14,554	15,368
Interest	209	
Other	5,512	784
Net Assets Released from Restrictions-		
Federal Transit Administration Section 16 Depreciation on Restricted Vans	<u>337</u>	<u>8,673</u>
Total Revenues, Gains, and Other Support	<u>\$210,464</u>	<u>\$214,582</u>
Expenses-		
Program Services	\$140,745	\$170,039
Management and General	<u>61,099</u>	<u>73,704</u>
Total Expenditures	<u>\$201,844</u>	<u>\$243,743</u>
Increase (Decrease) in Unrestricted Net Assets	\$ <u>8,620</u>	\$ <u>(29,161)</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Federal Transit Administration Sec 16 Current Year Depreciation	\$ <u>(337)</u>	\$ <u>(8,673)</u>
Decrease in Temporarily Restricted Net Assets	\$ <u>(337)</u>	\$ <u>(8,673)</u>
Increase (Decrease) in Net Assets	\$ 8,283	\$ (37,835)
Net Assets-Beginning of Year	<u>39,312</u>	<u>77,146</u>
Net Assets-End of Year	<u>\$ 47,595</u>	<u>\$ 39,312</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Cash Flows
Year Ended June 30, 2005
With Comparative Amounts from Year Ended June 30, 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 8,283	\$(37,835)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-		
Depreciation	1,534	9,870
(Increase)/Decrease in Receivables	(784)	(490)
Increase/(Decrease) in Accounts Payable	(838)	519
Increase/(Decrease) in Payroll Taxes Payable	(455)	181
Increase/(Decrease) in Other Assets	<u>0</u>	<u>4,294</u>
Net Cash Provided By/(Used In) Operating Activities	\$ <u>7,740</u>	\$(<u>23,461</u>)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	\$ <u>0</u>	\$ <u>0</u>
Net Cash Provided By/(Used In) Investing Activities	\$ <u>0</u>	\$ <u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payment on Note Payable	\$ <u>0</u>	\$ <u>0</u>
Net Cash Provided By/(Used In) Financing Activities	\$ <u>0</u>	\$ <u>0</u>
Net Increase/(Decrease) in Cash	\$ 7,740	\$(23,461)
Cash-Beginning of Year	<u>24,390</u>	<u>47,851</u>
Cash-End of Year	<u>\$32,130</u>	<u>\$ 24,390</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Functional Expenses
Year Ended June 30, 2005

	Program Services	Management and General	Total
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$26,732	\$ 26,732
Other Salaries	79,248	15,940	95,188
Payroll Taxes	6,846	3,685	10,531
Workman's Compensation Insurance	<u>3,698</u>	<u>1,991</u>	<u>5,689</u>
Total Compensation and Related Expenses	\$ <u>89,792</u>	\$ <u>48,348</u>	\$ <u>138,140</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	7,200	0	7,200
Utilities	<u>3,836</u>	<u>0</u>	<u>3,836</u>
Total Occupancy Expenses	\$ <u>29,036</u>	\$ <u>0</u>	\$ <u>29,036</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil	\$ <u>14,923</u>	\$ <u>0</u>	\$ <u>14,923</u>
OTHER EXPENSES:			
Accounting	\$ 0	\$ 4,950	\$ 4,950
Depreciation	997	537	1,534
Insurance	5,411	2,914	8,325
Licenses	0	647	647
Telephone	0	1,085	1,085
Other	<u>586</u>	<u>2,618</u>	<u>3,204</u>
Total Other Expenses	\$ <u>6,994</u>	\$ <u>12,751</u>	\$ <u>19,745</u>
Total Functional Expenses	\$ <u>140,745</u>	\$ <u>61,099</u>	\$ <u>201,844</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Financial Position
June 30, 2005
With Comparative Amounts as of June 30, 2004

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash	\$23,690	\$20,966
Plant and Equipment, Net of Accumulated Depreciation for 2005 and 2004 of \$20,064 and \$19,145, Respectively	<u>1,312</u>	<u>2,055</u>
Total Assets	<u>\$25,002</u>	<u>\$23,021</u>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Accounts Payable	\$ 2,821	\$ 3,051
Payroll Taxes Payable	<u>9</u>	<u>5</u>
Total Liabilities	\$ 2,830	\$ 3,056
NET ASSETS:		
Unrestricted	<u>22,172</u>	<u>19,965</u>
Total Liabilities and Net Assets	<u>\$25,002</u>	<u>\$23,021</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Activities
Year Ended June 30, 2005
With Comparative Amounts from Year Ended June 30, 2004

	<u>2005</u>	<u>2004</u>
UNRESTRICTED NET ASSETS:		
Support-		
Contract Work	\$51,549	\$ 51,037
Soft Drink Sales	5,635	3,718
Other	<u>180</u>	<u>335</u>
Total Revenues, Gains, and Other Support	<u>\$57,364</u>	<u>\$ 55,090</u>
Expenses-		
Program Services	\$50,074	\$ 68,254
Management and General	<u>5,083</u>	<u>3,729</u>
Total Expenses	<u>\$55,157</u>	<u>\$ 71,983</u>
Increase (Decrease) in Net Assets	\$ 2,207	\$(16,893)
Net Assets-Beginning of Year	<u>19,965</u>	<u>36,858</u>
Net Assets-End of Year	<u>\$22,172</u>	<u>\$ 19,965</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Cash Flows
Year Ended June 30, 2005
With Comparative Amounts from Year Ended June 30, 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 2,207	\$(16,893)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities-		
Depreciation	919	910
Increase/(Decrease) in Accounts Payable	(230)	2,850
Increase/(Decrease) in Payroll Payable	<u>4</u>	<u>5</u>
Net Cash Provided By/(Used In) Operating Activities	\$ <u>2,900</u>	\$ <u>(13,128)</u>
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of Equipment	\$ <u>(176)</u>	\$ <u>(684)</u>
Net Cash Provided By/(Used In) Investing Activities	\$ <u>(176)</u>	\$ <u>(684)</u>
Net Increase (Decrease) in Cash	\$ 2,724	\$(13,812)
Cash-Beginning of Year	<u>20,966</u>	<u>34,778</u>
Cash-End of Year	<u>\$23,690</u>	<u>\$ 20,966</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Functional Expenses
Year Ended June 30, 2005

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Client Salaries	\$22,047	\$ 0	\$22,047
Workman's Compensation Insurance	499	0	499
Other Salaries	8,299	0	8,299
Payroll Taxes	<u>895</u>	<u>0</u>	<u>895</u>
Total Compensation and Related Expenses	<u>\$31,740</u>	<u>\$ 0</u>	<u>\$31,740</u>
OTHER EXPENSES:			
Depreciation	\$ 597	\$ 322	\$ 919
Food	510	0	510
Telephone & Utilities	3,450	1,858	5,308
Postage	0	229	229
Repairs and Maintenance-			
Building and Grounds	899	0	899
Office Supplies	0	567	567
Soft Drinks	3,046	0	3,046
Recreation	276	0	276
Travel	439	0	439
Other	<u>9,117</u>	<u>2,108</u>	<u>11,225</u>
Total Other Expenses	<u>\$18,334</u>	<u>\$5,084</u>	<u>\$23,418</u>
Total Functional Expenses	<u>\$50,074</u>	<u>\$5,084</u>	<u>\$55,158</u>

See accountant's report on supplementary information.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

We have audited the financial statements of Natchitoches Association for Retarded Citizens, Inc. (a nonprofit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated October 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Natchitoches Association for Retarded Citizens, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

October 27, 2005

Natchitoches, Louisiana

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Board of Directors
June 30, 2005

President	Patricia Roshto
Vice-President	Idell W. Snowden
Secretary/Treasurer	Wayne King
Board Members	Mary Ann King
	W. D. Braxton
	Effie Benjamin
	Herbert V. Baptiste, Sr.
Director	Laura Thomas